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Report Highlights:
This report reflects analysis effective until 30 April 2007. Since the analysis has been made there has been unseasonably dry weather in northern Europe which could have an impact on the crop forecasts for the coming harvest.

Production of the major grains is forecast to increase during MY 2007/08. Consumption should increase for wheat and remain stable for barley and corn. The proportion of feed use for wheat should decline a little in favor of food and non-food. Third country imports should decline. Wheat exports are expected to increase a little and exports of corn should rise significantly. Ending stocks are forecast to increase.

Includes PSD Changes: No
Includes Trade Matrix: No
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Introduction

This report presents the outlook for grain and feed, and Production, Supply and Demand (PS&D) estimates for the Marketing Year (MY) 2007/2008. USDA Official and Revised Post Estimate MY 2005/06 data refer to EU-25. Forecast Post Estimate data for MY's 2006/07 and 2007/08 refer to EU-27. Unless specifically stated otherwise, data in this report is based on the views of Foreign Agricultural Service analysts in the EU and is not official USDA data.

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HA = Hectares
MT = Metric Tonne
MY = Marketing Year. The EU local marketing years used in this report are July to June except for corn which follows an October to September calendar.

Executive Summary

This report reflects analysis effective until 30 April 2007. Since the analysis has been made there has been unseasonably dry weather in northern Europe which could have an impact on the crops forecasts for the coming harvest.

EU-27 forecasts suggest wheat production to reach 134.9 million MT in MY 2007/08, an increase of 10.1 million MT over the previous year. Consumption of wheat should rise to 124.4 million MT, with food and non-food consumption increasingly at the expense of feed consumption. Third country wheat imports into EU-27 should fall by 7.3 percent to a level of 5.4 million MT, and exports to third countries are set to increase by 1.4 percent to 15.0 million MT. Ending stocks are estimated to increase by around 1 million MT to 15.7 million MT.

Barley production is forecast to reach 59.3 million MT in MY 2007/08, representing an increase of 5.7 percent over the previous year, as a function of increased yields and slightly increased area. Consumption should remain stable at 55.6 million MT with the proportion of feed use staying at around 69 percent on average. Total third country imports to EU-27 should fall significantly to 154,000 MT, with exports remaining stable at around 3 million MT. Barley stocks should increase by 13 percent to 7.4 million MT.

Corn production in EU-27 should increase slightly in MY 2007/08 to reach 55.3 million MT further to a significant 12 percent rise in MY 2006/07. Consumption is forecast to remain stable at 58.3 million MT in MY 2007/08 whereas MY 2006/07 saw a significant increase of 14 percent. Third country imports into EU-27 are forecast to decline by some 78 percent with total exports to third countries set to increase by over 18 percent. Ending stocks are likely to remain stable at 10.7 million MT, with those for MY 2006/07 estimated to increase from the previous year's level by some 5 percent.

PSD Table						
Country:	EU27					
Commodity:	All grains				('000 ha/'000 MT)	
	2005/06		2006/07		2007/08	
	USDA Official (Old) EU-25	Revised Post Estimate (New)	USDA Official (Old) EU-25	Revised Post Estimate (New)	USDA Official (Old) EU-25	Revised Post Estimate (New)
Marketing Year Begins	**07/2005**		**07/2006**		**07/2007**	
Area	50,909	51,080	49,882	56,104		54,294
Beginning Stocks	48,895	49,558	43,936	41,956		33,525
Production	254,744	254,889	243,514	262,085		281,477
Extra EU27 imports	11,092	10,700	12,345	11,302		9,233
TOTAL SUPPLY	**314,731**	**315,147**	**299,795**	**315,343**	**-**	**324,235**
Extra EU27 exports	18,850	18,888	18,205	18,386		18,597
Feed consumption	160,805	158,316	161,200	161,181		161,403
Non-feed consumption	91,140	95,987	91,925	102,251		108,200
TOTAL consumption	251,945	254,303	253,125	263,432	-	269,603
Ending Stocks	43,936	41,956	28,465	33,525		36,035
TOTAL DISTRIBUTION	**314,731**	**315,147**	**299,795**	**315,343**	**-**	**324,235**

Notes:

? USDA Official data refers to EU-25, Revised Post Estimate data for MY 2005/06 refers to EU-25, Post Estimate and Forecast Post Estimate data for MY's 2006/07 and 2007/08 refer to EU-27

? Unless 'USDA Official', source is FAS EU Posts, not official FAS source

? Non-feed consumption refers to food, seeds and industrial consumption

Wheat

PSD Table EU-25 / EU-27

Country:	**EU27**					
Commodity:	**Wheat**				('000 ha/'000 MT)	
	2005/06		**2006/07**		**2007/08**	
	USDA Official (Old) EU-25	Revised Post Estimate (New)	USDA Official (Old) EU-25	Revised Post Estimate (New)	USDA Official (Old) EU-25	Revised Post Estimate (New)
Marketing Year Begins	**07/2005**		**07/2006**		**07/2007**	
Area	22,606	22,626	21,823	24,483		25,205
Beginning Stocks	25,206	25,206	20,948	20,177	0	14,700
Production	122,665	122,993	117,052	124,775		134,876
Extra EU27 imports	7,609	7,443	6,800	5,851		5,399
TOTAL SUPPLY	**155,480**	**155,642**	**144,800**	**150,803**	**0**	**154,975**
Extra EU27 exports	15,032	15,116	14,000	14,800		15,008
Feed consumption	60,500	59,725	58,500	57,969		57,062
Non-feed consumption	59,000	60,624	59,500	63,334		67,177
TOTAL consumption	119,500	120,349	118,000	121,303	0	124,239
Ending Stocks	20,948	20,177	12,800	14,700		15,728
TOTAL DISTRIBUTION	**155,480**	**155,642**	**144,800**	**150,803**	**0**	**154,975**

Notes :

? USDA Official data refers to EU-25, Revised Post Estimate data for MY 2005/06 refers to EU-25, Post Estimate and Forecast Post Estimate data for MY's 2006/07 and 2007/08 refer to EU-27
? Unless 'USDA Official', source is FAS EU Posts, not official FAS source
? Non-feed consumption refers to food, seeds and industrial consumption

Production

Wheat production in EU-27 is forecast to reach 134.9 million MT in MY 2007/08, representing an increase of 8.1 percent over the previous year's production figure of 124.8 million MT. The forecast harvest volume in Germany for MY 2007/08 is the second highest wheat crop ever in Germany. An extremely mild winter has resulted in good growth for all winter crops. However, the crop outlook may be dampened somewhat by the risk of yellow dwarf virus infestation in wheat and barley, which appears mainly in the western and northern parts of Germany. In the UK, winter wheat plantings rose 4.5 percent year on year from 2005 to 2006, and with spring plantings thought to be similar to last season, the UK wheat area for the 2007 crop is forecast up over 75,000 hectares. In Italy, wheat area is forecast to increase for both durum and soft wheat. Durum wheat plantings had decreased by around 600,000 hectares over the past two years, mainly due to the implementation of the new CAP arrangements in the grain sector. Good weather conditions and high prices during the planting season encouraged farmers to expand their planted area, forecast to increase by 18 percent from 2006. Soft wheat plantings in Italy rose by an estimated 14 percent from last year because of the more competitive price situation. As a result of the expected larger acreage, the 2007 Italian wheat crop could rise by around 1 million MT over last year. As of late April 2007, analysts still foresee a high potential for the French wheat crop, putting production there in MY 2007/08 at 39.1 million MT, an increase of 10.3 percent over the previous year's production, due to higher areas and a higher yield. The early development of the plants due to a mild winter and higher than average temperature in March precipitated plant growth, which is two or three weeks ahead of schedule. The benefit of such weather is also that flowering and pollinization occurred in optimal conditions leading to the prospect of high grain numbers per plant. However, there are growing concerns about the lack of precipitation since the beginning of April in the main wheat growing areas which could stress plants, especially in light soils, even if the dry winter resulted in plants having deeper roots. The dryness also reduces the impact of nitrogen fertilization, leading to some fears on protein content. Higher plants growth could also increase stem break risk later in the season. The level of precipitation in May will be a decisive factor for both the quantity and quality of the MY 2007/08 French wheat crop. Strong wheat prices in Spain last fall saw additional planting of that crop. The mild winter promises high wheat production this year in Romania, although there is also a danger that the crop may be partially affected by insects. Bulgaria reports that fall crops remain in good condition, although the weather has caused some problems with insects. In Slovakia, lower yields are expected this year due to poor weather conditions. Slovenia expects lower wheat output this year despite a greater area sown. Hungarian wheat area and yields were lower in 2006 than in the two previous record years, and fall seeded area for winter wheat suggests a 4 percent increase. In Belgium and the Netherlands, wheat prices peaked at the end of 2006 due to limited availability, but declined in early 2007 due to a larger harvest than anticipated in Russia and the Ukraine. Wheat production in MY 2007/08 in the Czech Republic should increase by some 6 percent over the MY 2006/08, that MY having a production figure 18 percent lower than the previous MY. Poland anticipates an increase in wheat production of 27 percent in MY 2007/08 reaching close to a record high, prompted by a very mild winter which may, on the other hand, lead to increased incidence of insect infestation.

Consumption

Total consumption in EU-27 is estimated to increase in MY 2007/08 to 124.4 million MT, increasing by 2.6 percent over the previous year. Food and non-food/non-feed consumption is forecast to increase at the expense of feed consumption. Feed wheat in Germany is expected to be down in MY 2006/07 as a result of high international demand for wheat. Feed use is likely to remain constant in MY 2007/08. Although use for ethanol production is difficult to estimate due to a lack of processing numbers, it is likely that some 600,000 MT of wheat are processed into ethanol there. Rising feedstock prices meeting a depressed ethanol market does not point to a profitable industry sector. In the UK, feed consumption is expected to remain unchanged. However, the opening of a wheat starch plant during the summer of 2007 should increase use by some 620,000 MT with a further 130,000 MT being used in the biofuel sector. French feed use of wheat is expected to increase by 10 percent due to the expected larger crop which will increase on-farm consumption and the expected price-competitiveness of wheat versus corn and barley. French biofuel use of wheat is expected to continue to increase from 250,000 MT in MY 2006/07 to between 850,000MT and 950,000 MT in MY 2007/08 due to the starting-up of three new ethanol plants in Lillebonne (Tereos), Bazancourt (Cristanol) and Berhneim (Roquette). Spain's robust livestock feed sector continues to drive demand for feed grains in the Spanish cereals sector. Although Spain is the EU's most significant producer of ethanol from grains, its status as a feed-grains deficit market puts into question the economic sustainability of ethanol production from locally produced grains. Consumption patterns in MY 2006/07 in Bulgaria have been impacted by record high wheat prices. As a result, feed consumption has declined. Forecasts for MY 2007/08 see similar consumption levels for human and feed use, the growth in pig and poultry numbers in early 2007 mainly affecting corn use. Feed use in expected to decline in the Czech Republic due to lower livestock numbers, and food use is forecast to remain at current levels. Technical use, especially for biofuels, should increase there. Demand for food wheat is likely to remain stable in Poland.

Trade

Total third country wheat imports into EU-27 are forecast to fall by 7.3 percent in MY 2007/08 over the previous MY to 5.4 million MT. MY 2006/07 imports in turn fell to 5.9 million MT from 7.4 million MT in MY 2005/06, representing a 21.4 percent reduction. Imports into the UK are currently forecast to be marginally lower in 2007, but with steady imports from North America due to the reliance of the UK bread-making industry on high quality wheat. As a result of the expected larger acreage in Italy, the 2007 Italian wheat crop could riser by around 1 million MT over the previous year, with a consequent reduction of import requirements there for MY 2007/08. Italian imports of durum wheat for MY 2006/07 are expected to decline marginally to 1.7 million MT, but with a larger share of imports from the EU and a strong reduction of third country imports. Durum imports from the U.S. are expected to decline slightly to around 250,000 MT. Soft wheat imports into Italy in MY 2006/07 are expected to total 4.6 million MT, representing a 6.1 percent fall over the previous year. Imports from the U.S into Italy should decline significantly in MY 2006/07 to around 300,000 MT from some 500,000 MT in MY 2005/06, due mainly to very high prices of the U.S. Dark northern Spring wheat (traditionally imported by Italian millers) as well as to strong competition from other quality wheat now available on the EU market, mainly produced in Austria and Germany. Some 250,000 MT of wheat is estimated to be imported into Romania in MY 2006/07, principally from Hungary and Bulgaria. Wheat imports into Bulgaria are typically in the form of wheat flour for confectionary uses originating in Greece and France. No significant change in imports is forecast between MY's 2006/07 and 2007/08. Although Polish imports of wheat almost exclusively originate from the EU, some quantities are being sent from Kazakhstan and Canada. It is estimated that some 1.5 million MT will be imported in MY 2006/07. Canadian durum wheat exports Benelux increased significantly at the expense of U.S exports, a trend that is expected to continue during MY 2006/07. total Spanish wheat imports in MY 2007/08 are forecast to remain at their MY 2006/07 levels of 6.5 million MT, 5 million MT of which originate in the EU. As may be expected the expansion of the EU has favored grain imports from EU Member States over those from third countries. Although many importers complain about logistics and quality of EU-produced grains, they take advantage of the economic incentives to importing.

Total EU wheat exports to third countries are expected to increase in MY 2007/08 by 1.4 percent over the previous year to reach 15.0 million MT. The MY 2006/07 level of 14.8 million MT represents a fall in third country exports of 2.1 percent as compared to the MY 2005/06 figure of 15.1 million MT. Current market signals suggest that it will be increasingly difficult for EU exporters to provide world markets without support. The continued strength of the euro against the US$ coupled with falling prices since the USDA planting intentions report are putting EU grain suppliers in a difficult position, with wheat being the most likely to be uncompetitive. Despite the larger forecast harvest in the UK, export availability in MY 2007/08 is forecast to fall to 2 million MT due to increased domestic demand for starch and biofuels. French wheat exports to Germany are likely to continue to decrease due to higher forecast wheat crops for the major French customers, mainly Germany and Spain. Exports from France to third countries are forecast to increase significantly from the previous MY due to expected larger availability and price competitiveness, despite the strength of the euro. France may particularly benefit from reported adverse weather conditions in North Africa, its main export market. French exports of durum wheat are also expected to grow in MY 2007/08, both within the EU and to third countries. Italian pasta exports continue to grow albeit gradually, and now represent a larger share of total production than domestic consumption. Expectations there for MY 2007/08 are for a further slight increase. Wheat exports from Hungary for the 2005/06 crops remained at the previous year's level of around 1.5 million MT. High prices prompted exceptional exports reaching 1.3 million MT over the first half of MY 2006/07 despite logistical transport problems including low water levels in the Danube and inadequate number and slow return of railway cars. Exports to third countries such as India, Yemen and Algeria increased notably. Wheat exports from Romania during MY 2006/07 until December 2006 reached 570,000 MT, the main destinations for feed wheat in the EU being Italy and Spain, and to third countries being Egypt, India, Israel and Libya. Bulgarian exports in MY 2006/07 are likely to be between 1.0 and 1.1 million MT, 85,000 MT of which were exported to Romania for further export to third countries. A further 15 to 20,000 MT may be exported in a similar way later in the MY. Remaining wheat exports are likely to be destined to EU Member States as opposed to third countries. Although the grain situation in Poland in MY 2006/07 is tight, low local prices coupled with export possibilities to third countries prompted relatively high export levels. Estimates suggest that around 600,000 MT of wheat will be exported from Poland during the current MY. Exports from the Czech Republic in MY 2006/07 have increased due to high prices with around 600,000 MT of wheat destined mainly to Germany and Poland. Stable price levels coupled with a good harvest forecast are likely to exert downward price pressure.

Stocks

Ending stocks are forecast to increase by around 1 million MT or 7 percent in MY 2007/08 to reach 15.7 million MT. Stocks declined by 5.5 million MT or 28 percent in MY 2006/07 as compared to the previous year.

Barley

PSD Table EU-25/EU-27

PSD Table						
Country:	**EU27**					
Commodity:	**Barley**				('000 ha/'000 MT)	
	2005/06		**2006/07**		**2007/08**	
	USDA Official (Old) EU-25	Revised Post Estimate (New)	USDA Official (Old) EU-25	Revised Post Estimate (New)	USDA Official (Old) EU-25	Revised Post Estimate (New)
Marketing Year Begins	**07/2005**		**07/2006**		**07/2007**	
Area	13,062	13,014	13,179	13,684		13,805
Beginning Stocks	10,680	10,680	8,135	8,091		6,566
Production	52,822	52,868	54,836	56,053		59,267
Extra EU27 imports	234	234	500	238		154
TOTAL SUPPLY	**63,736**	**63,782**	**63,471**	**64,382**	**-**	**65,987**
Extra EU27 exports	3,101	3,085	3,500	3,000		3,000
Feed consumption	37,200	35,550	39,500	38,000		37,969
Non-feed consumption	15,300	17,056	15,300	16,816		17,618
TOTAL consumption	52,500	52,606	54,800	54,816	-	55,587
Ending Stocks	8,135	8,091	5,171	6,566		7,400
TOTAL DISTRIBUTION	**63,736**	**63,782**	**63,471**	**64,382**	**-**	**65,987**

Notes :

? USDA Official data refers to EU-25, Revised Post Estimate data for MY 2005/06 refers to EU-25, Post Estimate and Forecast Post Estimate data for MY's 2006/07 and 2007/08 refer to EU-27
? Unless 'USDA Official', source is FAS EU Posts, not official FAS source
? Non-feed consumption refers to food, seeds and industrial consumption

Production

Total barley production in the EU is forecast to reach 59.3 million MT in MY 2007/08, representing a 5.7 percent increase over MY 2006/07 levels resulting from increased yields of 4.3 MT/ha as compared to 4.1 MT/ha coupled with an increased area of 0.9 percent. MY 2006/07 production increased to 56.1 million MT in MY 2006/07, 6.0 percent higher than the previous year, due to a 5.1 percent increase in area. German barley production in 2007 is forecast to rise by 730,000 MT on an average yield expectation of 6.8 MT/ha. The yellow dwarf virus problem is already reflected in this forecast. Affected fields may face yield losses of around 20 to 30 percent. Good plant management may still keep the problem under control, however. Despite high brewing barley prices, it is not expected that the brewing barley area will increase in 2007, as farmers are likely to prefer to expand their silage corn area. In the UK, the 2006 barley crop is estimated to be 5.2 million MT. The area planted with winter barley in 2007 remains the same as that in MY 2006/2007. With spring planting also expected to remain little changed, production is forecast at 80,000 MT below last season's high yielding crop. The French barley crop is expected to increase by 4 percent from MY 2006/07. However, should the current dry conditions continue until the end of May, most analysts believe that barley yield could be severely impacted, particularly for spring barley because germination occurred in less than favorable conditions. Hungarian barley area and harvest were respectively 7 percent and 10 percent lower in 2006 than in the previous year. The fall 2006 seeded area for the MY 2007/08 crop suggests a return to the average level. The overall barley production estimate for Romania in MY 2006/07 was 768,000 MT resulting from a total harvested area of 325,000 ha. Fall 2006 barley was cultivated on 149,738 ha with winter two-row barley on almost 64,000 ha. Spring 2007 should see a total two-row barley acreage in Romania of 176,000 ha. Bulgarian barley yields in MY 2007/08 are likely to be similar to those in MY 2006/07 at 2.9 MT/ha. Supply in MY 2006/07 was significantly lower than in the previous year due to less planted area. The area of barley sown in Slovakia in MY 2006/07 decreased by 20,800 ha or 10.1 percent over the previous year's levels. However, the impact on production is likely to be moderated to some extent by expected improved yields. Barley is the second most popular cereal in Slovenia. Areas sown to barley there increased in 2006 by 3.9 percent over the previous year. Spanish production is forecast to increase in MY 2007/08 over the previous year's level by some 2.2 percent to reach 8.5 million MT. Fall and spring rains there have been sufficient and timely to plant, sprout and develop this year's crop. Although additional and timely rains are necessary to finish the crop, the grains crop is advancing well. Barley production in the Czech Republic is forecast to increase by 12 percent in MY 2007/08 to reach 21.1 million MT. Although the area planted was slightly below that for MY 2006/07, the yield is expected to increase by 12.8 percent to 4.1 MT/ha. French barley production in MY 2007/08 is forecast to increase over the previous year by 5.9 percent to reach 11.1 million MT due to above average yields increasing to 6.5 MT/ha from 6.3 MT/ha, and slightly increased area.

Consumption

Total EU-27 barley consumption is forecast to remain stable at 55.6 million MT in MY 2007/08 with a slight increase of 1.5 percent over MY 2006/07. The proportion of feed use on average throughout the EU remains at around 69 percent. In Germany, barley has become increasingly competitive in grain feeding with feed barley prices running at around 10 percent below those for feed wheat. Feed consumption of barley was buoyant in 2006, and is forecasted to remain steady in 2007. French feed use of barley in MY 2007/08 may decline by around 5 percent due to strong competition from wheat. Domestic consumption in Hungary is not expected to change significantly during the period under report, although feed use is likely to decline a little as a function of lower animal production. In Bulgaria the brewing industry traditionally consumes around 150,000 MT of barley, and no change in the volume is anticipated. Seed consumption in MY 2005/06 declined from 70,000 MT due to lower planted areas in MY 2006/07. Given no change in the area planted, seed consumption is estimated to remain at the same level in MY 2006/07. That year saw a slight decline in feed consumption due to lower supply. No change in the consumption pattern is foreseen in MY 2007/08. The purchasing price of malting barley decreased in Slovakia, and domestic consumption of barley should increase at the expense of exports. In Benelux, feed use of barley was limited during MY 2005/06 as the price was nearly the same as that of feed wheat, due to a poor crop in Spain the previous year. The first half of MY 2006/07 saw a high availability of barley relative to wheat and corn there, with a consequent increase in feed use. Feed compounders typically increase the use of barley in feed if the price differential with feed wheat exceeds 10 euro per MT, a situation which existed in Benelux during the period May to November 2006. Feed consumption in France is forecast to fall by 5.1 percent to 3.7 million MT in MY 2007/08, with non-feed (food, seeds and industrial) use set to increase by 11.9 percent to reach 2.6 million MT.

Trade

In MY 2007/08, total third country imports of barley into EU-27 are forecast to fall significantly by 35.3 percent to 154,000 MT over MY 2006/07 imports of 238,000 MT. MY 2005/06 saw similar import levels of 234,000 MT. Intra-EU imports run at between 6.5 million MT and 7 million MT during the period under report. Steady imports are forecast in the UK for 2007. Due to a lower supply availability in Romania during MY 2006/07, imports are expected to climb to 80,000 MT mostly destined for the brewing industry. As Bulgaria is typically a net exporter of barley, the brewing industry there imports small volumes of malting quality barley or ready malt only in shortage years. A demand for increased malt is forecast to stimulate trade in malt in MY 2007/08. Hungarian imports, mainly malting barley from EU-25, have remained flat over the period under report. As a result of increased feed use in Benelux due to the price differential between barley and feed wheat, imports increased significantly in MY 2006/07, particularly from France and Germany. Poland estimates that a larger crop will result in significantly reduced imports which should run at around 100,000 MT in MY 2007/08.

Total barley exports to third countries from EU-27 are forecast to remain stable in MY 2007/08 at around 3 million MT. In the UK with feed consumption, human and industrial use and imports forecast steady in 2007, export availability is forecast to decline by 50,000 MT to a level of 350,000 MT, 14 percent of which being destined for third countries. Romania exported barley to Cyprus, Greece, Italy and Serbia and Montenegro during MY 2006/07. Bulgarian exports are estimated to increase by some 40 percent in MY 2007/08, and should mainly be limited to the EU. In MY 2005/06, exports from Bulgaria were destined to traditional markets including Saudi Arabia, Jordan and Israel, with exports to Romania being transshipped to the same markets. Exports were down in the following year as a function of lower supply, and were mainly intra-EU. French exports are set to increase by around 10 percent to 4.5 million MT in MY 2007/08, over 80 percent of which are for intra-EU trade, particularly to Spain and Germany, with malting barley going to the Czech Republic. French third country exports may, like wheat, benefit from a higher demand from North Africa.

Stocks

Barley ending stocks are forecast to increase by 13 percent or 834,000 MT in MY 2007/08. The stock level of 6.6 million MT for MY 2006/07 represented a decrease of 19 percent or 1.5 million MT over the previous year.

Corn

PSD Table EU-25/EU-27

PSD Table						
Country:	EU27					
Commodity:	Corn				('000 ha/'000 MT)	
	2005/06		2006/07		2007/08	
	USDA Official (Old) EU-25	Revised Post Estimate (New)	USDA Official (Old) EU-25	Revised Post Estimate (New)	USDA Official (Old) EU-25	Revised Post Estimate (New)
Marketing Year Begins	10/2005		10/2006		10/2007	
Area	5,870	5,923	5,550	8,533		8,730
Beginning Stocks	7,008	8,155	10,160	9,995		10,500
Production	48,838	48,620	43,877	54,301		55,320
Extra EU27 imports	3,138	2,956	4,500	4,500		3,500
TOTAL SUPPLY	**58,984**	**59,731**	**58,537**	**68,796**	**-**	**69,320**
Extra EU27 exports	124	94	200	269		318
Feed consumption	39,200	38,472	41,000	43,380		43,300
Non-feed consumption	9,500	11,170	9,800	14,647		15,012
TOTAL consumption	48,700	49,642	50,800	58,027	-	58,312
Ending Stocks	10,160	9,995	7,537	10,500		10,690
TOTAL DISTRIBUTION	**58,984**	**59,731**	**58,537**	**68,796**	**-**	**69,320**

Notes :

? USDA Official data refers to EU-25, Revised Post Estimate data for MY 2005/06 refers to EU-25, Post Estimate and Forecast Post Estimate data for MY's 2006/07 and 2007/08 refer to EU-27
? Unless 'USDA Official', source is FAS EU Posts, not official FAS source
? Non-feed consumption refers to food, seeds and industrial consumption

Production

Total EU-27 corn production is forecast to increase slightly by around 2 percent in MY 2007/08 to reach 55.3 million MT, following the significant year on year 12 percent increase between MY's 2006/07 and 2005/06. Yields have declined from 8.2 MT/ha in MY 2005/06 to around 6.3 MT/ha in the following years. German corn area is forecast to remain constant at around 400,000 ha. In France, area has declined by 11 percent to 1.4 million ha in MY 2006/07 from the previous year, and has fallen again by around 3 percent to 1.4 million ha in MY 2007/08. The decline in area is mainly attributed to growing local concerns about availability (and more stringent regulations on use) of water resources. French production decreased by 10 percent to 12.2 million MT in MY 2006/07. It is too early to accurately forecast MY 2007/08 other than by using average corn yields. There is growing concern that the dryness in the northern part of France could negatively impact planting and germination in this region. However, rainfall in April in southwestern France, the main growing area, has been above average. The BT corn area in France has increased almost tenfold from 5,000 ha to between 30,000 ha and 50,000 ha. According to studies undertaken by the French corn

growers, yields associated with BT corn are reported to be between 10 and 20 percent higher, with significantly lower mycotoxin contamination.
Spanish importers and compound feed manufacturers are very familiar with BT corn and are very happy to import corn borer resistant corn if the price and quality are satisfactory. In Romania during MY 2006/07, corn production reached 8.5 million MT on 2.6 million ha, adjusted downwards as a consequence of lower yields caused by drought conditions. The area put down to corn in spring 2007 should under typical conditions reach 2.8 million ha and yield an estimated production of some 9.2 million MT. However, as the forecast for an extremely hot and dry summer implies a lower interest to grow corn, a smaller area of 2.6 million ha is anticipated there. The corn area in Bulgaria increased over the period under report, although the warm and dry weather should result in lower yields of 4.2 MT/ha in MY 2007/08 as compared with 4.6 MT/ha in MY 2006/07. Italian corn area is expected to decrease slightly this year because of the larger soft wheat acreage planted last fall in the Po valley where both crops are concentrated. The harvest will depend largely on the weather developments during the next few months and particularly in early summer. Most farmers are concerned by the lack of precipitation last winter, one of the mildest of the last century. This situation, only marginally improved by rain in March, could lead to problems of availability and cost of water for irrigation next summer. The final crop is expected to decrease marginally. In Hungary, a cold and humid spring pushed corn planting to a later than optimal period in 2006. Favorable weather conditions in the second half of the year saved yields. The harvested crop was good, although 600,000 MT lower than in the previous year. Production area increased slightly in 2006, and a limited increase is expected for MY 2007/08. In the Spanish corn growing regions, farmers planted additional wheat last fall in response to strong wheat prices. This, coupled with the current shortage of irrigation water has forced a reduction of corn acreage in MY 2007/08. However, corn seed companies are encouraging farmers to harvest the wheat as soon as possible and to plant back corn as a second crop. As such, corn acreage in Spain is still somewhat in play.

Consumption

Total corn consumption in EU-27 is forecast to remain stable at 58.3 million MT in MY 2007/08. Consumption in MY 2006/07 saw a significant increase over MY 2005/06 in excess of 14 percent, reaching 58 million MT. Feed represents a share of some 75 percent of total consumption, with food consumption taking up around 20 percent, the remaining 5 percent being used in the technical and industrial sector. In Germany, grain corn strongly competes with silage corn for use in methane gas plants. The relatively short domestic total grain supplies in MY 2006/07 coupled with increased imports mainly from Hungary made corn more competitive in animal feed. Feed use is forecast to increase in Germany by 100,000 MT in MY 2006/07. However, this trend is likely to reverse in MY 2007/08 when more domestic barley and rye become available. The UK corn balance is driven by domestic consumption. In 2005, the closure of a corn starch plant reduced domestic consumption by 200,000 MT. The latter part of MY 2006/07 and early MY 2007/08 is expected to see the phased closure of a second corn starch plant as the wheat starch plant mentioned under the Wheat Section of this report comes on line. A resultant further reduction of 350,000 MT in human and industrial use is anticipated in MY 2007/08. The absence of pork and poultry meat imports from the U.S. and Canada is likely to lead to an increase in livestock numbers in Romania, with a consequent increase in feed production. In Bulgaria, at least two new small ethanol plants are expected to start operating in MY 2007/08 with a total capacity of 90,000 MT. Bulgaria's only starch manufacturer is also likely to expand its processing capacity. A higher demand for feed, food and industrial use is forecast in Bulgaria in MY 2006/07 as a result of increased quantities of corn as a substitute for expensive wheat, greater pig and poultry numbers and increased demand for starch manufacturing and ethanol. Industrial and food consumption is likely to increase further in MY 2007/08 although feed consumption in MY 2007/08 should slightly decline in the absence of wheat substitution. Feed demand in that

MY remains higher than in MY 2005/06 due to higher livestock numbers. France continues to see a decline in corn use for feed from 4.3 million MT in MY 2005/06, to 4 million MT in MY 2006/07 and 3.8 million MT forecast for 2007/08. However, food and industrial use is forecast to increase to 3.7 million MT in MY 2007/08 from 3.4 million MT in the previous year. An increase as a feedstock for biofuel production is expected in MY 2007/08 with an anticipated 200,000 MT of corn destined for ethanol production in a new plant in Lacq, southwest France. Hungary has seen a drop in corn for compound feed production in 2005, and preliminary data for 2006 suggests a further decline. Although no new ethanol production capacities are planned in MY 2006/07, increased use of existing capacities could generate between 200,000 and 300,000 MT more corn utilization. In Benelux, corn use for feed declined in MY 2005/06 due to limited availability in northwestern Europe. The previous year saw corn use in pig and poultry feed of 5 and 20 percent respectively. During the first half of MY 2006/07, feed use declined further due to limited availability. When compared with wheat prices, corn prices peaked in November 2006 to levels not seen since MY 2003/04. Since November, prices have declined and feed use has recovered. Corn is currently the main cereal used in pig and poultry feed in Benelux representing some 5 and 25 percent respectively.

Trade

Total third country import of corn into EU-27 in MY 2007/08 are forecast to decline by some 78 percent to 3.5 million MT from the previous year's level of 4.5 million MT. The MY 2007/08 forecast remains 18 percent above the import figure for MY 2005/06, an increase that is not accounted for by the accession of Romania and Bulgaria. Intra-EU trade runs at around 12.5 million MT during the period under report. The forecast reduced use of corn in the UK is likely to result in decreased import demand, the vast majority of corn originating in France. It is possible that Spain may import more corn France as opposed to other suppliers in MY 2007/08 if French farmers continue to plant BT corn resistant corn. Romania imported 1,336 MT and 790 MT of corn from Moldova and Hungary respectively during the last three months of 2006. Imports are expected to continue especially in western Romania where Hungarian corn is highly competitive. Imports of corn into Bulgaria during MY 2006/07 are due to industrial demand for consistent and regular shipments of better quality corn from Hungary. Increased industrial use should continue this trend in MY 2007/08. Benelux reports that more imports from South America are anticipated. EU import certificates for corn are 80 percent higher than for the previous season. Since the harvest of 2004, Benelux has imported around 10,000 MT of Hungarian corn via the Danube monthly. In November 2006, its corn imports peaked at almost 60,000 MT. During early 2007, imports through the Danube reportedly improved and corn imports from Hungary are expected to increase further, although not significantly due to the logistical constraints of the Danube. Freight costs over water run at around 45 to 40 euro per MT with those for train transport at around 40 to 45 euro per MT. A low price in Hungary could encourage traders to import more by train.

Total EU corn exports to third countries are forecast to increase by over 18 percent to reach 318,000 MT in MY 2007/08. Third country exports in MY 2006/07 ran at 269,000 MT, representing an increase of 285 percent over MY 2005/06 levels. Intra-EU exports have been between 9.8 million MT and 10.8 million MT during the period under report. French intra-EU exports are forecast to remain at around the 5.2 million MT level in MY 2007/08, a 13 percent decline over MY 2005/06 levels. Hungary's corn exports increased by 20 percent or 350,000 MT in MY 2005/06 to reach almost 2 million MT. Extra-EU trade fell and the majority of sales was destined to EU-15, particularly Greece and Italy. Hungary has become the major corn supplier to the Italian market, with over 400,000 MT in 2005/06 and 232,000 MT from September to December 2006. Hungarian traders may feel competition from Bulgaria and Romania on those markets in the future. Hungarian corn exports were outstanding during the last quarter of 2006, and exports for MY 2006/07 are high. If increased coarse grain production forecasts are correct for MY 2007/08, Hungary's corn exports could go back to 2 million MT or lower. Romania's major corn export destinations are Spain, Cyprus, Turkey, Italy and Greece. Bulgarian exports fell in MY 2006/07 due to a strong local demand for corn as a substitute for wheat from the livestock industry resulting from higher pig and poultry stocks, and due to a new ethanol plant. Exports to Greece, Italy and Spain should occur between February and August 2007. Bulgaria's export trade is likely to continue to be targeted towards EU-15 destinations in MY 2007/08 as local operators have direct access to their clients without the need to use intermediaries such as international traders. Trade between Bulgaria and Romania may be more active for the same reason.

Stocks

Ending stocks are forecast to remain relatively stable at 10.7 million MT in MY 2007/08. Those for MY 2006/07 are estimated to increase by some 5 percent from the previous year's level of 10 million MT.

Rye

PSD Table						
Country:	**EU27**					
Commodity:	**Rye**				('000 ha/'000 MT)	
	2005/06		**2006/07**		**2007/08**	
	USDA Official (Old) EU-25	Revised Post Estimate (New)	USDA Official (Old) EU-25	Revised Post Estimate (New)	USDA Official (Old) EU-25	Revised Post Estimate (New)
Marketing Year Begins	**07/2005**		**07/2006**		**07/2007**	
Area	2,486	2,460	2,501	2,331		2,525
Beginning Stocks	3,156	3,156	1,877	1,643		684
Production	7,671	7,625	6,591	6,537		8,743
Extra EU27 imports	9	8	10	-		-
TOTAL SUPPLY	**10,836**	**10,789**	**8,478**	**8,180**	**-**	**9,427**
Extra EU27 exports	359	359	400	185		61
Feed consumption	3,600	4,333	2,200	2,783		3,429
Non-feed consumption	5,000	4,454	5,000	4,528		5,192
TOTAL consumption	8,600	8,787	7,200	7,311	-	8,621
Ending Stocks	1,877	1,643	878	684		745
TOTAL DISTRIBUTION	**10,836**	**10,789**	**8,478**	**8,180**	**-**	**9,427**

PSD Table EU-25/EU-27

Notes :

? USDA Official data refers to EU-25, Revised Post Estimate data for MY 2005/06 refers to EU-25, Post Estimate and Forecast Post Estimate data for MY's 2006/07 and 2007/08 refer to EU-27
? Unless 'USDA Official', source is FAS EU Posts, not official FAS source
? Non-feed consumption refers to food, seeds and industrial consumption

A short crop in Germany of 2.6 million MT resulted in strongly rising prices. By the end of March 2007, rye sold at some ten percent higher than baking wheat. Rye became short because the ethanol industry requires around 800,000 MT of rye and triticale annually. MY 2007/08 should see German farmers harvesting some 3.9 million MT representing an increase of 1.2 million MT over the MY 2006/07 figure. Farmers planted 670,000 ha of rye during the fall of 2006 as compared with 539,000 ha for the 2006 harvest. An estimated 20,000 ha should be cropped for silage used in methane gas plants before reaching maturity in May.

Sorghum

PSD Table EU-25/EU-27

PSD Table						
Country:	EU27				('000 ha/'000 MT)	
Commodity:	Sorghum					
	2005/06		2006/07		2007/08	
	USDA Official (Old) EU-25	Revised Post Estimate (New)	USDA Official (Old) EU-25	Revised Post Estimate (New)	USDA Official (Old) EU-25	Revised Post Estimate (New)
Marketing Year Begins	07/2005		07/2006		07/2007	
Area	90	94	92	104		110
Beginning Stocks	45	18	63	36		94
Production	475	489	564	551		594
Extra EU27 imports	94	51	525	706		174
TOTAL SUPPLY	**614**	**558**	**1,152**	**1,293**		**862**
Extra EU27 exports	1	1	5	9		2
Feed consumption	525	503	1,050	990		750
Food consumption	25	18	25	200		100
TOTAL consumption	550	521	1,075	1,190	-	850
Ending Stocks	63	36	72	94		10
TOTAL DISTRIBUTION	**614**	**558**	**1,152**	**1,293**	**-**	**862**

Notes :

? USDA Official data refers to EU-25, Revised Post Estimate data for MY 2005/06 refers to EU-25, Post Estimate and Forecast Post Estimate data for MY's 2006/07 and 2007/08 refer to EU-27
? Unless 'USDA Official', source is FAS EU Posts, not official FAS source
? Non-feed consumption refers to food, seeds and industrial consumption

Oats

PSD Table EU-25/EU-27

PSD Table						
Country:	EU27					
Commodity:	Oats				('000 ha/'000 MT)	
	2005/06		2006/07		2007/08	
	USDA Official (Old) EU-25	Revised Post Estimate (New)	USDA Official (Old) EU-25	Revised Post Estimate (New)	USDA Official (Old) EU-25	Revised Post Estimate (New)
Marketing Year Begins	07/2005		07/2006		07/2007	
Area	2,632	2,869	2,750	2,907		1,076
Beginning Stocks	912	777	778	578		594
Production	7,441	7,844	7,644	7,616		8,460
Extra EU-27 imports	8	8	10	7		6
TOTAL SUPPLY	**8,361**	**8,629**	**8,432**	**8,201**		**9,060**
Extra EU-27 exports	233	233	100	123		208
Feed consumption	5,750	5,993	5,950	5,642		5,948
Food consumption	1,600	1,825	1,600	1,842		2,134
TOTAL consumption	7,350	7,818	7,550	7,484	-	8,082
Ending Stocks	778	578	782	594		770
TOTAL DISTRIBUTION	**8,361**	**8,629**	**8,432**	**8,201**	**-**	**9,060**

Notes :

? USDA Official data refers to EU-25, Revised Post Estimate data for MY 2005/06 refers to EU-25, Post Estimate and Forecast Post Estimate data for MY's 2006/07 and 2007/08 refer to EU-27
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? Non-feed consumption refers to food, seeds and industrial consumption

Swedish oat production has been decreasing steadily over the past 4 years due to low profitability as compared with other crops. In MY 2007/08, however, oat production is expected to follow the general trend for grains and production inspected to increase by around 35 percent to some 860,000 MT.

In Finland, oat production has remained stable with exports reaching almost double those of Sweden. An increasing proportion of Finnish oat exports are destined for EU Member States, while exports to the U.S. and other third countries are declining. The development towards the EU market is partly due to the decrease in the U.S. demand for oats as horse feed coupled with improved market conditions in the EU.

Mixed Grain

PSD Table EU-25/EU-27

PSD Table						
Country:	**EU27**					
Commodity:	**Mixed Grain**			**('000 ha/'000 MT)**		
	2005/06		**2006/07**		**2007/08**	
	USDA Official (Old) EU-25	Revised Post Estimate (New)	USDA Official (Old) EU-25	Revised Post Estimate (New)	USDA Official (Old) EU-25	Revised Post Estimate (New)
Marketing Year Begins	**07/2005**		**07/2006**		**07/2007**	
Area	4,163	4,094	3,987	4,062		2,843
Beginning Stocks	1,888	1,566	1,975	1,436		387
Production	14,832	14,450	12,950	12,252		14,217
TOTAL SUPPLY	**16,720**	**16,034**	**14,925**	**13,700**		**14,615**
Feed consumption	14,030	13,740	13,000	12,417		12,945
TOTAL consumption	14,745	14,598	13,700	13,313	-	13,912
Ending Stocks	1,975	1,436	1,225	387		703
TOTAL DISTRIBUTION	**16,720**	**16,034**	**14,925**	**13,700**	**-**	**14,615**

Notes :

? USDA Official data refers to EU-25, Revised Post Estimate data for MY 2005/06 refers to EU-25, Post Estimate and Forecast Post Estimate data for MY's 2006/07 and 2007/08 refer to EU-27
? Unless 'USDA Official', source is FAS EU Posts, not official FAS source
? Non-feed consumption refers to food, seeds and industrial consumption

Policy

The European Parliament's Agriculture Committee that met on 12 April voted by 24 votes to 10 against the European Commission's proposal to end the system of public intervention purchases for corn (maize). The Commission's proposal, initially made on 15 December last year, would abolish the system with effect from the 2007/08 marketing year. Although the proposal is not subject to the co-decision procedure that requires Parliament's approval, a negative opinion from that institution delays a decision. It is expected that the Parliament will discuss the issue again on 4 and 5 June.

The German Presidency had previously offered a compromise during the Special Committee of Agriculture of 26 March whereby a ceiling for corn intervention in 2007/08, a lower ceiling for 2008/09 and a complete phasing out by the end of 2009 would be agreed. This would allow the system to be reviewed within the framework of the 'Health Check' in 2008. The compromise did not receive enough support from Member States to include the item in the agenda of the Agriculture Council of 16 and 17 April.

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